



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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The Commission Cracks Down on Fraudulent Securities Schemes

PHOENIX— In three cases, the Arizona Corporation Commission ordered eight Valley residents and six companies to halt their violations of the State's securities laws and pay restitution to investors and civil penalties to the State. Over \$7 million dollars had been invested in the three schemes.

Early Detection Cancer Scheme

The Commission ordered Paul C. Woodcock of Scottsdale to pay restitution of \$75,000 and an administrative penalty of \$5,000 for fraudulently selling an investment in an early detection cancer center. Woodcock sold investments in Early Detection Center, Inc to two Arizona residents. Woodcock told investors that their money would be used to run offices focused on detecting cancer at an early stage. Instead, the centers were never opened and Woodcock kept the investors' funds until the Commission ordered him to return them.

The Commission also banned Woodcock from conducting any business in the securities industry in Arizona.

Wireless Ticket and Cash Machine Scam

In a second case, the Commission ordered five life insurance agents to stop selling investments involving wireless ticket and cash machines. The Commission acted against Ronald Lee Goble of Scottsdale, doing business as Southwest Trust & Financial; Gary Lyle Christian of

Glendale, doing business as Cornerstone Senior Planning; Hyland A. Stokes of Phoenix and his company Estate Planning Corporation, Inc.; Roger Lancette of Scottsdale, doing business as National Estate Service and Planning and Senior Advisory Services; and Wallace Butterworth of Phoenix, doing business as Senior Advisory Services. The Commission also revoked Butterworth's securities registration. The Commission ordered the five individuals to pay restitution of \$7,400,000 to investors and \$125,000 in penalties to the State.

These orders resulted from the Commission's crack down against insurance agents who have persisted in selling fraudulent investments. "The public should be very skeptical when an insurance agent pitches investment opportunities unrelated to insurance policies. They may promise higher returns, but too often these investment opportunities, such as the wireless cash machines, result in total losses for investors," warns Mark Sendrow, Director of the Arizona Corporation Commission's Securities Division.

Mortgage Lending Program

In a third case, the Commission ordered Tom Gaffney, Derreck Manteau, and U.S. Federal Financial Corporation of Tempe to stop raising funds for a mortgage-lending scheme. In this case, the Commission's Securities Division learned about this scheme in early October of 2001 through an advertisement in *The Arizona Republic*. The Division issued a temporary cease and desist order within a week of discovering the investment scheme.

U.S. Financial Corporation was part of a scheme to raise \$1 million to fund Creative Financial Funding, L.L.C.'s mortgage lending program. The investments were offered through public seminars, during which the audience was told that they could earn guaranteed returns of between 15% and 18% on real estate-backed investments. Gaffney, Manteau, and USFF falsely claimed that the investments were exempt from securities regulation, and did not provide financial

disclosures as required by Arizona's securities laws.

The Commission ordered USFF, Gaffney and Manteau to stop violating the Securities Act and repay the one individual who had invested before the Commission's prompt action halted the investment scheme. The Commission also ordered the trio to pay an administrative penalty of \$2500.

The Commission's order resolves its case against three of several individuals and companies involved in this investment scheme. Actions are still pending against Paul J. Meka of Scottsdale, Larry Dunning of Paradise Valley, and Robert K. Rehm of Cave Creek, Creative Financial Funding, L.L.C., American Money Power, Inc., Federal Capital, L.L.C., and Corporate Fiduciary Services, Inc. These persons have requested a hearing on the charges.

Mark Sendrow reminds the public to "thoroughly research all financial opportunities before investing. As a first step in researching an investment, the public should contact the Securities Division for information it may have on the investment or the salesperson."

Investors can contact the Arizona Corporation Commission's Securities Division by calling 602-542-4242, toll free at 1-877-811-3878, or through its website at www.ccsd.cc.state.az.us.